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**KEVIN A. THOMPSON**  
General Counsel

December 31, 2007

Missouri Department of Economic Development  
Room 680, Truman Building  
Jefferson City, MO 65102

Dear Mr. Steinhoff:

On behalf of the Missouri Public Service Commission, I am pleased to forward our annual report analyzing the impact of municipally owned and operated telecommunications systems. As provided in Section 392.410 RSMo 2006 (Cum. Supp.), the Commission is required to submit its findings to the General Assembly by December 31 of each year.

This year, the Commission identified no municipalities offering switched voice telecommunications services in Missouri and sixteen municipalities either providing 911-related services or Internet access services. Please be aware that this data is drawn from survey responses and may not be all-inclusive.

Further details on the Commission's study methods and other related issues are provided in the report. I hope you find this information useful, and don't hesitate to contact me at 751-3233 or PSC Executive Director Wess Henderson at 751-7435 if you have questions.

Sincerely,

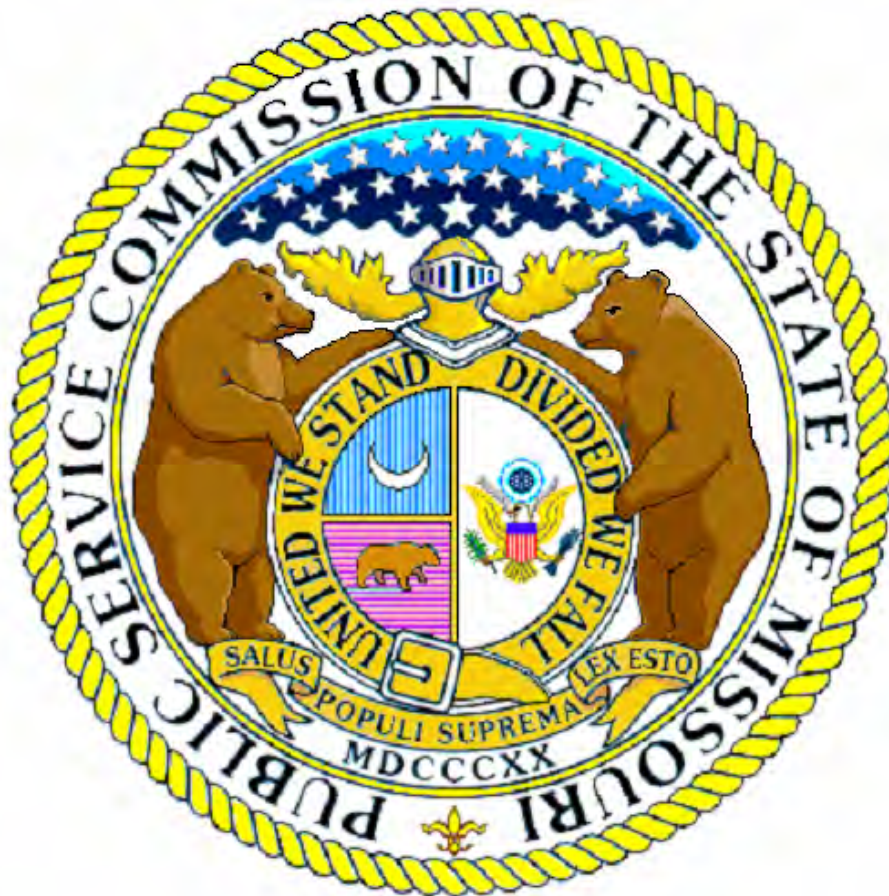
A handwritten signature in blue ink, appearing to read "Jeff Davis".

Jeff Davis  
Chairman

Enc.

C: Members, Senate Committee on Commerce and Environment and House Committee on Communications, Energy and Technology; Hon. Rod Jetton and Hon. Michael Gibbons, Commissioners, Governor Blunt, Wess Henderson, Natelle Dietrich, John Van Eschen, Adam Mckinnie, Walter Cecil, Robert Boone, Kevin Kelly, Gregg Ochoa

**Report to the General Assembly of  
The State of Missouri**



*A Study of the Economic Impact of Municipally Owned and/or  
Operated Telecommunications Systems*

**Missouri Public Service Commission  
December 31, 2007**

## **Executive Summary**

The MoPSC is required by statute to evaluate on an annual basis the economic impact of those municipalities offering telecommunications services in Missouri. No municipalities offer retail switched voice telecommunications services to the public. Sixteen municipalities, identified through questionnaire responses, are providing either 911-related services (using their own facilities) or Internet access services. Municipalities cite several reasons for initiating 911 or Internet services such as the desire for economic development, the lack of existing service, or poor quality service.

## **Background**

Pursuant to Sections 71.970 and 392.410 RSMo 2006 (Cum. Supp.), the Missouri Public Service Commission (PSC) has previously been required to perform an annual economic impact study of the effects of municipally owned cable television systems and telecommunications networks and submit a report to the General Assembly by December 31 of each year. The study and reporting requirements were intended to expire in August 2007. The provisions of Section 71.970, which govern municipally-owned cable television systems, were allowed to sunset. Consequently, this report will no longer report on municipalities providing cable television services. Nevertheless in 2007, the General Assembly passed, and the governor signed, CCS/HCS/SS/SCS/SB 22, which removes the expiration date of August 28, 2007 from Section 392.410 but retains the requirement for the PSC to submit an annual study on the economic impact of municipally owned and operated telecommunications systems. Section 392.410.7 continues to specifically limit the types of telecommunications services municipalities may offer.<sup>1</sup> Therefore, this study will simply analyze municipalities providing the limited array of telecommunications services allowed under Missouri law.

## **Procedure**

The MoPSC's Telecommunications Department Staff surveyed 640 municipalities using two questionnaires: a brief screening questionnaire intended to identify those municipalities providing telecommunications, followed by a detailed questionnaire seeking information covering a variety of topics ranging from revenues and costs to more detailed explanations of services offered from those municipalities providing a positive response to the screening questionnaire for Internet or 911 services.

The first questionnaire was mailed on July 20, 2007 to 640 municipalities<sup>2</sup> and a second notice was mailed on September 19 to 210 initially non-responding municipalities. Just

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<sup>1</sup> The state statutes were found constitutional by the U. S. Supreme Court on March 24, 2004, in *Nixon v. Missouri Municipal League*, 541 U.S. 125 (2004).

<sup>2</sup> See Appendix I for a list of the 640 municipalities.

over five hundred responses were received between the two queries with the last response received on November 28, 2007.

The initial survey asks whether the political subdivision is providing telecommunications services or facilities consistent with the five categories identified in Section 392.410.7:

- For the municipality's own use (for example, to connect various city facilities over an internal municipally-owned network);
- For 9-1-1 or E-9-1-1 services provided by the city for the city;
- For medical or educational purposes;
- For students to use via an educational facility; and,
- For Internet-access services.

### Overview of Responses

**Telecommunications/Internet:** No municipalities report providing local telecommunications services; however sixteen municipalities indicate they offer or provide 9-1-1/E-9-1-1 and dial-up and/or high speed Internet access services. The following eleven municipalities indicate they own facilities used to provide 911-related services:

#### Municipalities Offering 911-Related Services

Municipality	Population Estimate <sup>3</sup>	911-Related Services Provision Commenced	Joint Operation Partner (if any)
Arnold	12,668	1993	County
Aurora	8,968	1995	None
Claycomo	1,267	2003	Birmingham
Higginsville	4,682	1992	None
Kennett	11,260	1990	None
Kirksville	16,988	Before 1986	County
Nixa	12,124	1994*	None
Pacific	4,714	1994	County
Perryville	7,667	1990	County
Pleasant Valley	3,321	1997	Oakview
Sweet Springs	1,628	2003	Embarq

\* year switched to Enhanced 911 System

- Eleven municipalities indicate they own the facilities necessary to provide 9-1-1/E-9-1-1.
- Seven municipalities (Aurora, Claycomo, Higginsville, Kennett, Kirksville, Nixa, Pleasant Valley) report 911-related costs totaling \$1,403,202.

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<sup>3</sup> 2000 Census

- Two municipalities started their own E-9-1-1 / 9-1-1 system to improve on existing 9-1-1 service.
- Nine municipalities started their own E-9-1-1 / 9-1-1 system because the service would otherwise not be available to their residents.

The following five municipalities indicate they are providing Internet access services:

**Municipalities Offering Internet Access Services**

<b>Municipality</b>	<b>Population Estimate<sup>4</sup></b>	<b>Customers Served</b>	<b>Internet Access Services Provision Commenced</b>
Bunker	427	Not Reported	2000
Grant City	926	123	2005
Kansas City	441,545	Unknown	2002
Poplar Bluff	16,651	2,708	2002
Springfield	151,580	**	1997

\*\* reported customer count as a highly confidential number

- All five responding municipalities indicate they are providing Internet access services to encourage economic development, to provide Internet access where there was none, to provide an alternative to poor service or to provide a convenience to travelers.
- Responders report residential and business Internet services include dial-up, high speed Internet access, and wireless Internet access at speeds varying from 56k to 3 Mbps.
- Responders report varying prices beginning at \$39 per month dependent upon speed and technology utilized. Advanced business services are also available.
- All responding municipalities indicate existing municipal or municipal utility positions have been expanded to include Internet access duties.
- One responding municipality indicates Internet access costs are covered by revenues; three responding municipalities indicate revenues do not cover costs.
- Three municipalities indicated no tax revenue impact by providing Internet services; one indicates providing Internet access is a municipal utility function.

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<sup>4</sup> 2000 Census

**APPENDIX I**  
**MUNICIPALITIES INITIALLY QUERIED**  
**2007**

Adrian	Beverly Hills	Calhoun	Clinton
Advance	Bevier	California	Cole Camp
Agency	Big Lake	Callao	Collins
Airport Drive	Billings	Calverton Park	Columbia
Alba	Birch Tree	Camden	Concordia
Albany	Bismarck	Camden Point	Conway
Alexandria	Black Jack	Camdenton	Cool Valley
Alma	Blackburn	Cameron	Corder
Alton	Blackwater	Campbell	Cottleville
Anderson	Blairstown	Canalou	Country Club
Annapolis	Bland	Canton	Country Club Hills
Appleton	Bloomfield	Cape Girardeau	Cowgill
Arbyrd	Bloomsdale	Cardwell	Craig
Arcadia	Blue Springs	Carl Junction	Crane
Archie	Bogard	Carrollton	Creighton
Arnold	Bolivar	Carterville	Crestwood
Ash Grove	Bonne Terre	Carthage	Creve Coeur
Ashland	Boonville	Caruthersville	Crocker
Atlanta	Bourbon	Cassville	Crystal City
Aurora	Bowling Green	Center	Crystal Lakes
Auxvasse	Branson	Centerview	Cuba
Ava	Branson West	Centralia	Curryville
Avondale	Brashear	Chaffee	Dardenne Prairie
Bakersfield	Braymer	Charlack	DeSoto
Ballwin	Breckenridge	Charleston	Dearborn
Baring	Breckenridge Hills	Chesterfield	Deepwater
Bates	Brentwood	Chilhowee	Dellwood
Battlefield	Bridgeton	Chillicothe	Des Peres
Bella Villa	Brookfield	Chula	Desloge
Belle	Brookline	Clarence	Dexter
Bellefontaine Neighbors	Browning	Clark	Diamond
Bellflower	Brunswick	Clarksdale	Diggins
Bel-Nor	Bucklin	Clarkson Valley	Dixon
Bel-Ridge	Buckner	Clarksville	Doniphan
Belton	Buffalo	Clarkton	Doolittle
Benton	Bull Creek	Claycomo	Drexel
Berger	Bunker	Clayton	Duenweg
Berkeley	Burlington Junction	Cleveland	Duquesne
Bernie	Butler	Clever	Eagleville
Bethany	Byrnes Mill	Clifton Hill	East Lynne
Village of Bethel	Cabool	Climax Springs	East Prairie

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Easton	Fremont Hills	Henrietta	Kimberling City
Edgar Springs	Frontenac	Herculaneum	Kimmswick
Edgerton	Fulton	Hermann	King City
Edina	Gainesville	Hermitage	Kingdom City
Edmundson	Gallatin	Higbee	Kingston
El Dorado Springs	Galt	Higginsville	Kingsville
Eldon	Garden	Highlandville	Kirksville
Ellington	Gasconade	Hillsboro	Kirkwood
Ellisville	Gerald	Hillsdale	Knob Noster
Ellsinore	Gibbs	Holcomb	Knox City
Elsberry	Gideon	Holden	Koshkonong
Emerald Beach	Gilliam	Hollister	La Belle
Eminence	Ginger Blue	Holt	La Grange
Emma	Gladstone	Holts Summit	La Monte
Eolia	Glasgow	Hopkins	La Plata
Eureka	Glenaire	Hornersville	Laddonia
Everton	Glendale	Houston	Ladue
Excelsior Estates	Golden	Houston Lake	Lake Annette
Excelsior Springs	Goodman	Houstonia	Lake Lafayette
Exeter	Gordonville	Humansville	Lake Lotawana
Fair Grove	Gower	Hume	Lake Ozark
Fair Play	Grain Valley	Hunnewell	Lake Saint Louis
Fairfax	Granby	Huntleigh	Lake Tapawingo
Fairview	Grandin	Huntsville	Lake Waukomis
Farber	Grandview	Hurdland	Lake Winnebago
Farmington	Grant City	Iberia	Lakeshire
Fayette	Grantwood	Independence	Lamar
Fenton	Green City	Indian Point	Lanagan
Ferguson	Green Park	Innsbrook	Lancaster
Ferrelview	Green Ridge	Iron Mountain Lake	Laredo
Festus	Greendale	Irondale	Lathrop
Fisk	Greenfield	Ironton	Laurie
Flordell Hills	Greentop	Jackson	Lawson
Florissant	Greenwood	Jamesport	Leadington
Foley	Hallsville	Jasper	Leadwood
Fordland	Hamilton	Jefferson City	Leasburg
Forest	Hanley Hills	Jennings	Lebanon
Foristell	Hannibal	Jonesburg	Lee's Summit
Forsyth	Hardin	Joplin	Leeton
Fountain & Lake	Harrisonville	Kahoka	Levasy
Four Seasons	Hartville	Kansas City	Lewistown
Frankford	Hawk Point	Kearney	Lexington
Fredericktown	Hayti	Kennett	Liberal
Freeburg	Hayti Heights	Keytesville	Liberty
Freeman	Hazelwood	Kidder	Licking

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Lilbourn	Moline Acres	Odessa	Potosi
Lincoln	Monett	O'Fallon	Preston
Linn	Monroe	Old Monroe	Princeton
Linn Creek	Montgomery	Olivette	Purcell
Linneus	Morehouse	Olympian Village	Purdy
Lockwood	Morley	Oran	Puxico
Lohman	Morrisville	Oregon	Queen City
Loma Linda	Mosby	Oronogo	Randolph
Lone Jack	Moscow Mills	Orrick	Raymore
Louisburg	Mound City	Osage Beach	Raytown
Louisiana	Mount Vernon	Osborn	Reeds Spring
Lowry City	Mountain Grove	Osceola	Republic
Macks Creek	Mountain View	Otterville	Revere
Macon	Napoleon	Overland	Rich Hill
Madison	Naylor	Owensville	Richland
Malden	Neelyville	Ozark	Richmond
Manchester	Nelson	Pacific	Richmond Heights
Mansfield	Neosho	Pagedale	River Bend
Maplewood	Nevada	Palmyra	Riverside
Marble Hill	New Cambria	Paris	Riverview
Marceline	New Florence	Park Hills	Rocheport
Marionville	New Franklin	Parkville	Rock Hill
Marlborough	New Hampton	Parma	Rock Port
Marquand	New Haven	Pasadena Hills	Rockaway Beach
Marshall	New London	Pattonsburg	Rogersville
Marshfield	New Madrid	Peculiar	Rolla
Marston	New Melle	Perry	Rosebud
Marthasville	Newark	Perryville	Rush Hill
Martinsburg	Newburg	Pevely	Russellville
Maryland Heights	Niangua	Phillipsburg	Saddlebrooke
Maryville	Nixa	Piedmont	Salem
Matthews	Noel	Pierce City	Salisbury
Maysville	Norborne	Pilot Grove	Sarcoxi
Mayview	Normandy	Pilot Knob	Savannah
McCord Bend	North Kansas City	Pine Lawn	Scott City
Memphis	Northmoor	Pineville	Sedalia
Mercer	Northwoods	Platte City	Seligman
Merriam Woods	Norwood	Platte Woods	Senath
Meta	Norwood Court	Plattsburg	Seneca
Mexico	Novinger	Pleasant Hill	Seymour
Milan	Oak Grove	Pleasant Hope	Shelbina
Miller	Oak Grove Village	Pleasant Valley	Shelbyville
Miner	Oakland	Polo	Sheldon
Moberly	Oakview	Poplar Bluff	Shrewsbury
Mokane	Oakwood	Portageville	Sibley



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Sikeston	Stella	Truxton	Washington
Silex	Stewartsville	Turney	Waverly
Silver Creek	Stockton	Twin Oaks	Wayland
Skidmore	Stotts City	Union	Waynesville
Slater	Stoutland	Union Star	Weatherby Lake
Smithton	Stover	Unionville	Weaubleau
Smithville	Strafford	Unity Village	Webb City
South Greenfield	Strasburg	University City	Webster Groves
South West City	Sturgeon	Uplands Park	Weldon Spring
Sparta	Sugar Creek	Urbana	Wellington
Spickard	Sullivan	Urich	Wellston
Springfield	Summersville	Valley Park	Wellsville
St. Ann	Sunrise Beach	Van Buren	Wentzville
St. Charles	Sunset Hills	Vandalia	West Plains
St. Clair	Sweet Springs	Vandiver	Weston
St. George	Sycamore Hills	Velda City	Wheatland
St. James	Syracuse	Velda Village Hills	Wheaton
St. John	Taneyville	Verona	Wildwood
St. Joseph	Taos	Versailles	Willard
St. Louis	Tarkio	Viburnum	Willow Springs
St. Martins	Thayer	Vienna	Winchester
St. Mary	Theodosia	Vinita Park	Windsor
St. Paul	Tipton	Walnut Grove	Winfield
St. Peters	Town and Country	Wardsville	Winona
St. Robert	Tracy	Warrensburg	Wood Heights
Stanberry	Trenton	Warrenton	Woodson Terrace
Ste. Genevieve	Trimble	Warsaw	Wright City
Steele	Troy	Warson Woods	Wyaconda
Steelville	Truesdale	Washburn	Wyatt